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**DIRECTORATE OF INTELLIGENCE**

**JUNE 1986**

**CENTRAL AMERICAN MONTHLY REPORT #35**



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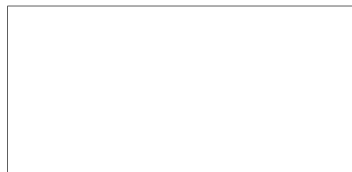
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**This memorandum was prepared by the Central America North and South Branches, ALA. It was coordinated with the Directorate of Operations. It contains information available as of 30 June 1986. Questions and comments are welcome and should be addressed to Chief, Middle America-Caribbean Division, ALA,**



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**June 1986**  
**CENTRAL AMERICAN MONTHLY REPORT #35**  
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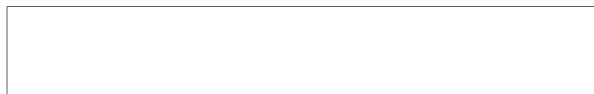


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### PERSPECTIVE

President Duarte's 1 June proposal to renew public talks with the guerrillas in El Salvador in August has led to considerable maneuvering by both sides although we believe neither is optimistic that significant progress will be made. By month's end no agenda had been set and both the government and rebels are likely to begin with unacceptable proposals. [REDACTED]. Public pressure to sustain a new round of dialogue will probably result ultimately in narrowly focused discussions related specifically to limiting the nature of the war. In this context, the Salvadoran military wants a reduction in indiscriminate guerrilla terrorism and mine warfare, and the rebels are demanding a reduction in aerial bombardment of their camps and forced resettlement of support personnel and safeguards for their wounded. [REDACTED]

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Duarte's announcement followed an April meeting in Peru between rebel political leaders and government officials during which they agreed to hold further secret procedural talks outside El Salvador this summer. The US Embassy reports, however, that the President's call was unrelated to the April talks but was devised instead as a dramatic gesture to divert public attention from the impact of austerity measures. Duarte told US officials that he also hoped that the talks would further divide moderate insurgent political leaders--who may be willing to make some concessions--from military hardliners. [REDACTED]

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Senior government officials, according to the US Embassy, believe they will be negotiating from a position of strength because the guerrillas have been on the defensive militarily since the last round of formal talks ended in November 1984.

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In preparation for the meeting, the government has begun to consult with key democratic labor and business leaders--as well as with rival political parties and the military--to mobilize popular support for its position. [REDACTED]

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The rebels were surprised by Duarte's offer to return to the negotiating table, [REDACTED] but quickly agreed to participate for their own tactical reasons. [REDACTED] guerrilla hardliners view dialogue only as a means to relieve military pressure, sow dissension between the government and military, and perhaps improve their international image. Moderate insurgent political leaders probably believe a sustained dialogue is vital for them to regain lost influence with rebel military leaders. [REDACTED]

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Insurgent political leaders, according to the US Embassy, may favor presenting more moderate demands than those rejected by the government in 1984--which included power sharing and the reorganization of the armed forces--but guerrilla military commanders probably will dominate discussions and oppose concessions. Recent rebel pronouncements rejecting the legitimacy of the constitution and the Duarte government and calling for the basic restructuring of society suggest the guerrillas are not likely to make significant changes in their previous negotiating position. 

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The rebels' strategy for preparing for new talks parallels that of the government.




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 They hope to boost public expectations for the talks in order to make the case for blaming Duarte's unwillingness to compromise as the reason for failure. Rebel communiques have set the stage by labeling Duarte's offer a publicity stunt and the government as the primary obstacle to peace. 

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Meanwhile, both sides have tried to improve their military positions. The attack on a Salvadoran Army base on 19 June was heralded by the rebels as proof that they remain a potent force--despite aggressive army sweeps--and that only through negotiations can the government hope to restore peace. 

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 the guerrillas were able to take advantage of poor security to penetrate the base perimeter to toss explosives into the barracks. The raid showed the insurgents still can mount well-planned and coordinated attacks even when continually pressured by the military. Government casualties totaled 57 killed and 142 wounded while the rebels left behind 19 dead. The guerrillas also announced a traffic ban in June to reinforce their claim that a duality of power exists in El Salvador that cannot be ignored at the talks in August. The rebels may attempt more spectacular attacks prior to the meeting to heighten their international credibility, support their assertion of equality with the government, and create strains between the civilian leadership and the military.

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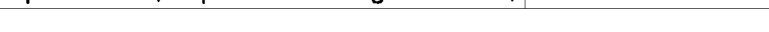
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### NICARAGUA

Last month the regime used the vote on US aid to the insurgents to increase pressure on the civic opposition and intensify repression. The Sandinistas indefinitely closed Nicaragua's only independent newspaper, La Prensa, and President Ortega announced that the state of emergency--expanded last October--would be enforced more severely against regime opponents. They have refused reentry into Nicaragua of the Managua archdiocese's spokesman, a prominent regime critic, 

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 In addition, the Sandinistas have harassed or arrested some opposition politicians. Earlier in the month, US Embassy sources said that the Sandinistas were using trumped up criminal charges to try to force a Democratic Conservative Party delegate, a member of the anti-Sandinista faction of the party, from his seat in the National Assembly. US Embassy reports also indicate that during June, despite ending their nine-month occupation of several buildings belonging to the



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[REDACTED]

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Catholic Church, the Sandinistas renewed pressure on Church lay leaders to try to force them to cooperate with the regime. [REDACTED]

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Regime opponents at home responded quickly to Managua's moves. The democratic coalition issued a joint statement, their first in over a year, condemning regime measures and calling for a national dialogue and an end to harassment by security officials. According to US Embassy officials, the outspoken Bishop Vega also lashed out at the new security measures, asserting the right of citizens to use armed force to defend against repression. In our view, neither the Church nor the democratic coalition, however, possesses the influence to force the Sandinistas to deviate from their course. [REDACTED]

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On the international front, criticism of the regime has been muted and the Sandinistas have taken the offensive. Managua called a UN Security Council session to discuss the issue of the US vote and used the recent decision by the world court favorable to Nicaragua to cast itself as a victim of US aggression. [REDACTED]

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On the economic front during June, the Sandinistas--concerned about the continued downward spiral--intensified their ongoing campaign to encourage productivity and efficiency. President Ortega, for example, exhorted rural farm workers to labor harder after a government report indicated that the average work day had fallen from six to a little over two hours since 1979. The proregime press also highlighted inefficiencies in government. In one instance the press, apparently with regime approval, detailed the loss of 20,000 pounds of beef for export because of insufficient packing materials and the premature slaughter of 200,000 chickens because of shortages of imported components for feed. [REDACTED]

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The regime has taken immediate steps to remedy some of these problems while at the same time undertaking more long-range planning. The Sandinistas intend to double the agricultural laborers' work day to four hours. Several officials have been fired for their role in livestock losses, and the US Embassy speculates the regime will find more culprits to set an example for other managers. In addition the Sandinistas have established a commission to make recommendations to improve the economy, according to US Embassy reporting. The Embassy reports that the commission has already met with key private sector agricultural organizations, seeking their views on the economy. [REDACTED]

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The Sandinistas have also continued their search for foreign assistance. The visit of an Iranian delegation ended with pledges of additional aid from Teheran and meetings with CEMA--the Soviet Bloc economic organization--focused on substantial new aid projects for Nicaragua. These included revitalization of the gold mining sector and hydroelectric and textile projects, which would add to the \$1.9 billion in aid provided by the Bloc since 1979. [REDACTED]

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Nicaraguan rebels took advantage of the rainy season in June to seize the initiative in the northwest. [REDACTED] the insurgents attacked Sandinista communication lines, destroying electrical power and telephone lines near Quilali, Jinotega and San Sebastian de Yali. In Esteli, they destroyed an electrical tower, knocking out power for several days to over 300,000 people in three northern departments. [REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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The Sandinista Army responded by gradually moving additional counterinsurgency battalions into the northwest, and increased its efforts to block rebel movement in and out of Honduras. [REDACTED]

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[REDACTED]

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### HONDURAS

President Azcona's visit to Washington in late May appeared to strengthen his hand in foreign policy, but [REDACTED]

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[REDACTED] raised new doubts about the administration's ability to remedy the country's intractable economic problems. Despite some press criticism that the President returned from Washington without increased US economic aid, Azcona's pro-US, anti-Sandinista stance has become the keystone of his public support, according to the US Embassy. On domestic issues, however, the Embassy reports that the President's image has been undermined by appointees' [REDACTED]--including in the Ministry of Public Works, which Azcona intended to be the powerhouse of economic recovery. As a result, the President named a commission of government, labor, and private sector leaders to explore ways to revive the country's economy. Although initial US Congressional passage of \$300 million in economic aid for the Central American democracies may cause some optimism in Tegucigalpa, we believe Azcona's concerns about his image probably will prompt him to pay increasing attention to domestic issues in the coming months. [REDACTED]

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### GUATEMALA

Reactions to the government's economic stabilization package were relatively low-key this month, and Cerezo was forced to respond to growing criticism of his handling of the human rights issues and rising crime rate in Guatemala. In the capital only 50 people turned out to demonstrate against the implementation of the economic program on 6 June, and work stoppages were limited. Meanwhile, the reduction in government subsidies for diesel fuel provoked violence against buses outside the capital and some 2,000 banana workers went on strike demanding higher wages, according to the US Embassy. To head off potential unrest, the Labor Minister threatened to decree wage increases for private sector employees to offset rising consumer prices if businesses did not raise them or begin negotiating with workers by month's end, according to the US Embassy. [REDACTED]

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Cerezo's decision to postpone the formation of a government-sponsored Human Rights

[REDACTED]



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Committee sparked harsh criticism from the Mutual Support Group (GAM), a highly aggressive leftist human rights organization. Cerezo, however, promised to reconsider the proposal after the courts complete their ongoing investigation of over 1,400 writs of habeas corpus submitted by the GAM in early June. According to the US Embassy, the GAM'S claims that Cerezo is bowing to military pressure were weakened when court investigators located several people the GAM insisted were missing, and the group failed to prove the existence of secret detention centers. Meanwhile, with criminal violence becoming a potential political liability for his government, Cerezo announced an emergency plan to combat crime, according to US Embassy reports. In addition, he is planning to create a civil service advisory council to study ways to improve law enforcement capabilities. 

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On the military front, the Army's aggressive counterinsurgency operations continued to keep the guerrillas on the defensive, forcing them to rely on economic sabotage in remote areas.  The guerrillas suffered a major setback during an Army offensive against a rebel stronghold this month in San Marcos Department. In addition, the Army initiated a largescale sweep in Izabal Department in response to new guerrilla smallscale attacks. 

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 Meanwhile, guerrilla attacks in El Peten Department caused a major US oil company to suspend exploration activities temporarily until it was provided more government security. Cerezo probably will agree to increase military security for exploration activity in El Peten, but the guerrillas lack the strength and popular support to cause serious economic disruptions. 

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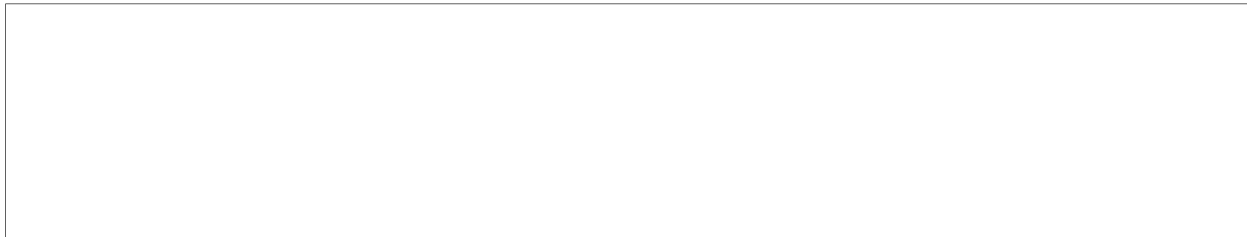
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### COSTA RICA

President Arias, unlike his predecessor, was boldly challenged last month by the opposition coalition, which flexed its muscle in the Legislative Assembly, and blocked several administration initiatives. Following through on its post-election pledge to challenge the ruling party in legislative affairs, and in a departure from its policy during the Monge administration, the opposition Social Christian Party came on strong on several issues. It stymied ruling party efforts to create a new government agency, and lobbied successfully against three new ministries. The US Embassy reports that the opposition remains determined to battle the government at every opportunity while the ruling party refuses to engage in traditional legislative compromise. 

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### PANAMA

Allegations in the US press of involvement by Defense Forces Commander Noriega and the military in illegal activities put the regime on the defensive in June, but the domestic opposition has thus far failed to capitalize on the accusations. Press articles citing official



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[redacted]

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[redacted] of complicity in narcotics and arms trafficking, the murder last September of regime opponent [redacted]

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[redacted] Traditionally sensitive to US criticism, the government sought a clarification of US policy towards Panama, and the military-controlled press generally avoided anti-US rhetoric. President Delvalle--acutely aware of his predecessor's fate when he lost the Defense Commander's confidence--joined the Army General Staff and the ruling legislative coalition in publicly rallying to Noriega's side. [redacted] blames the opposition party leaders and the publisher of the opposition newspaper, La Prensa for the charges. [redacted]

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Regime opponents, meanwhile, led by former President Arnulfo Arias and the Christian Democrats, called for Noriega's dismissal and indictment for his alleged involvement in Spadafora's murder, but they were unable to generate widespread domestic support. The Spadafora family lodged formal charges with the attorney general on 19 June against Noriega for the murder, but an antigovernment rally fizzled according to the US Embassy, underlying the opposition's inability to rally anti-regime sentiment. [redacted]

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### REGIONAL PEACE NEGOTIATIONS

In early June, the Contadora mediators--Mexico, Colombia, Panama, and Venezuela--tabled a "final" proposal for a regional peace settlement that strongly favored Nicaragua's interests. While the new draft retained the earlier Costa Rican-Guatemalan plan to use a point system to determine arms levels, it set aside detailed negotiations on this issue until after ratification, according to US Embassy officials. The new draft would regulate international military maneuvers at the outset and eventually proscribe them. In addition, neither tough verification measures nor provisions that would enforce internal political reforms in Nicaragua were included. When the draft was presented, the mediators and support group announced that the burden for continuing the process lay with the Central Americans, and they scheduled no further meetings. They expressed their willingness, however, to help on crucial operational issues [redacted]

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[redacted]

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In a mid-June communique, Managua, looking toward the US vote on aid to the insurgents, endorsed the draft and indicated its readiness to submit an inventory of its armaments to use in negotiations on arms levels. The Core Four--Honduras, El Salvador, Guatemala, and Costa Rica--were unable, however, to formulate a joint response. Although a technical level meeting of Core Four representatives was held in El Salvador at mid-month, no new meetings have been scheduled. [redacted]

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[redacted]

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[Redacted]

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**NICARAGUAN MILITARY BUILD-UP**

[Redacted]

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5 June

US Coast Guard reports sighting Nicaraguan ship  
Carlos Fonseca Amador--returning to Nicaragua from Bulgaria via  
Cuba--west of Cuba with two new 70-foot patrol boats in tow.

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[Redacted]

[Redacted]

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[Redacted]

[Redacted]

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[Redacted]

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[Redacted]

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[Redacted]

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**SIGNIFICANT NICARAGUAN POLITICAL EVENTS**

3 June	Nicaraguan National Assembly announces decree pardoning some 300 political prisoners. [Redacted]	25X1
7 June	Contadora mediators propose new draft treaty. [Redacted]	25X1
19 June	Sandinistas end nine-month occupation of several buildings belonging to the Catholic Church. [Redacted]	25X1
21 June	Nicaragua responds positively to Contadora mediators' draft. [Redacted] [Redacted]	25X1 25X1
23 June	Socialist International Congress on Latin America and the Caribbean meets in Lima and issues resolution proclaiming support for Contadora peace efforts, rejecting US support for the insurgents, and mildly criticizing Nicaragua's lack of progress toward pluralism and mixed economy. [Redacted]	25X1
26 June	President Ortega announces directorate decision to shut down <u>La Prensa</u> , Nicaragua's only opposition newspaper. [Redacted]	25X1
28 June	Nicaraguan Government refuses opposition activist father Bismarck Carballo permission to re-enter Nicaragua after a trip abroad. [Redacted]	25X1


[Redacted]

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### **NICARAGUAN HUMAN RIGHTS CHRONOLOGY**

A substantial decrease this month in Sandinista accusations of insurgent human rights violations was overshadowed by negative publicity surrounding the release on 10 June of eight West German internationalists captured by the rebels in northern Nicaragua. At their press conference, the Germans reiterated solidarity with the Sandinistas regime and reported poor treatment during their captivity. 

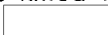
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#### **Insurgent Human Rights Record**

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2 June

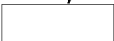
According to the US Embassy in Managua, two civilians, including an eight-year-old child, were killed when insurgents attacked three agricultural cooperatives northeast of Managua. 

The proregime press indicated that forces allied with the FDN kidnaped peasants from eight communities on the Atlantic Coast. 

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11 June

According to the US Embassy in Managua, the eight West Germans captured by insurgents at a housing construction project in northern Nicaragua held a press conference following their release. They complained that the insurgents intimidated them by using their weapons indiscriminately and that they suffered discomfort from sleeping in wet clothes and from a lack of medical attention. 

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27 June

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A western press service reported that in late June insurgents killed three adults and two children, wounded six other children of the same family and destroyed their home during an attack on a cooperative east of Managua. 

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Sandinista Human Rights Record

1 June

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[redacted] Sandinista soldiers raped a 12-year-old girl in the Jinotega Department. [redacted]

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Sandinista troops killed 10 civilians, including five young children, in February in northern Zelaya. [redacted]  
Interior Ministry personnel tortured and killed a civilian with chemical weapons in Jinotega Department in April. [redacted]

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2 June

Sandinista troops assassinated a 14-year-old youth in southeastern Nicaragua and forcibly evacuated three families to an undisclosed location, [redacted]

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4 June

A Sandinista patrol killed four children in machine gun fire in the Matagalpa Department in late May, [redacted]

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[redacted] Sandinista troops dressed as UNO/FDN forces robbed two civilians in Jinotega Department in May. [redacted]

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In late May, [redacted] Sandinista troops entered the home of a civilian in Central Zelaya and wounded his wife and another civilian [redacted]

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The government announced that a former Interior Ministry officer convicted of spying for the CIA hanged himself in a Managua prison. [redacted]

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[redacted] Ministry authorities rejected the family's request for an autopsy and instructed the family to bury the sealed coffin. An official [redacted]

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[redacted] told US Embassy officers that such circumstances suggest the prisoner was executed. [redacted]

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5 June

According to a US Embassy source in Managua, the regime forcibly recruited civilians recently to work at the Timal sugar refinery. [redacted]

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9 June

Seven Hondurans released from Nicaraguan prisons as part of the regime's amnesty program reported they were subjected to psychological abuse and mistreatment, according to the US Embassy in Managua. [redacted]

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[REDACTED]

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[REDACTED]

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Interior Ministry personnel, according to the US Embassy in Managua, tortured and killed a Nicaraguan civilian imprisoned in Leon in February 1986. [REDACTED]

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12 June

A Nicaraguan refugee, who had been imprisoned for supporting the insurgents, suffered from psychological abuse and attested to widespread starvation in the facility. The refugee also reported that prisoners were removed from their cells and then shot. [REDACTED]

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14 June

According to a Nicaraguan refugee [REDACTED], in May 1985 Sandinista forces mutilated his two sons and brother-in-law, burned his home in southwestern Nicaragua, and killed his animals. [REDACTED]

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[REDACTED]

[REDACTED]

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[Redacted]

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**NICARAGUAN TRAVELS/VISITS**

[Redacted]

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3 June Independent Liberal Party President Godoy attends conference on European-Latin American Relations in France. [Redacted]

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6 June Minister of Interior Borge attends convention of detective story writers in Havana. [Redacted]

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[Redacted]

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Iranian Foreign Minister Velayati meets with President Ortega, acting Foreign Minister Tinoco, Minister of External Cooperation Ruiz, Minister of Culture Cardenal and discusses broadening trade relations with Nicaragua. [Redacted]

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24 June Vice President Ramirez attends Central American Parliament meeting in Guatemala. [Redacted]

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[Redacted]

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**COMING EVENTS IN CENTRAL AMERICA DURING JULY**

2 July	President Cerezo makes official visit to Mexico.	<input type="checkbox"/>	25X1
19 July	Seventh anniversary of Sandinista revolution.	<input type="checkbox"/>	25X1
Mid-July	Guatemalan Congressional delegation visits London to talk with British Parliamentarians about normalization of relations.	<input type="checkbox"/>	25X1

**CHRONOLOGY OF ARMS FLOW INTO EL SALVADOR**

There was nothing to report during June.



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- 53 - C/MCD
- 54 - DC/MCD
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- 78 - MCD Files
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- 80 - CAS Files

DDI/ALA/MC/CAS, [Redacted] (1 July 1986)

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